

Vermont Department of Labor

SHORT-TIME COMPENSATION (STC) PROGRAM

An Alternative to Layoff for Vermont's Employers

The STC program helps employers and employees avoid some of the burdens of a layoff.

STC SAVES MONEY. STC SAVES JOBS.

STC – For Employers

- Reduces costs by reducing employees work hours and wages.
- Allows a quick return to full capacity when market conditions improve.
- Spares the expense of recruiting, hiring, and training new employees, which often occurs after a layoff.

STC – For Workers

- Provides continued work.
- Partially offsets reduced work hours and wages with unemployment compensation payments.

EXAMPLE

To achieve the same total work hour reduction, an employer could layoff two full-time workers or reduce the work hours of 10 employees. Under STC, if work hours were reduced by 20%, the workers could receive 20% of the unemployment benefits that they would receive under a full-time layoff.

ELIGIBILITY

- An employer with five (5) or more eligible employees in a department, shift, or unit may reduce hours in lieu of a layoff. The employees must normally work at least thirty (30) hours a week.
- Seasonal and traditionally part-time or intermittent employment is not eligible for STC.

"Short-Time Compensation is the most useful tool that this company has to retain its trained and productive workforce."

- C.F. Koziol, VP, Motorola, Inc.

PLAN REQUIREMENTS

- Reduction in work hours must be in lieu of a planned full-time layoff of two (2) to six (6) months.
- Work hours in the unit must be reduced at least 20%, but not more than 50%.
- Reduced work hours must affect at least 10% of the employees in the unit.
- Reduction of hours must apply equally to all workers in the STC plan.
- Plan must specify any impact on the fringe benefits of the affected workers, including health insurance benefits.
- Plan must have the agreement of all collective bargaining agents.

SUMMARY

The STC program is flexible and can be customized to a variety of work situations. Employers can vary the total work hours in the unit to flex with market demands. STC also allows employees to restart full-time employment as necessary, and then drop back to part-time work when demand slows again.

SPECIAL NOTES

STC benefits are charged to the benefit account of the employer.

Employers can add or delete employees and adjust work hours by applying for modifications to their STC plans.

STC Plans are approved or denied within fifteen (15) days.

CONTACT

Call the Vermont Department of Labor's toll-free Employer Assistance Line at 1-877-214-3331 and ask for an STC Representative.

EQUAL OPPORTUNITY IS THE LAW

The State of Vermont is an equal opportunity employer/Affirmative Action Employer. Applications from women, individuals with disabilities, and people from diverse cultural backgrounds are encouraged. Auxiliary aids and services are available upon request to individuals with disabilities. 711 (TTY/Relay Service) or (802) 828-4203 TDD (Vermont Department of Labor).